



KARNATAKA LEGISLATIVE ASSEMBLY
SIXTEENTH LEGISLATIVE ASSEMBLY
SIXTH SESSION

THE KARNATAKA PAWN BROKERS (AMENDMENT) BILL, 2025

(LA Bill No. 02 of 2025)

A Bill further to amend the Karnataka Pawn Brokers Act, 1961.

Whereas it is expedient further to amend the Karnataka Pawn Brokers Act, 1961. (Karnataka Act No 13 of 1962) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy sixth year of the Republic of India as follows:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Pawn Brokers (Amendment) Act, 2025.

(2) It shall come into force at once.

2. Amendment of section 3.- In the Karnataka Pawn Brokers Act, 1961 (Karnataka Act No 13 of 1962) (hereinafter referred to as the principal Act), in section 3, in the explanation-2 for the words “five years” the words “two years” shall be substituted.

3. Amendment of section 15.- In the Principal Act, in section 15, in sub-section (1) for the words "five hundred rupees", the words "five lakh rupees" shall be substituted.

4. Amendment of section 16.- In section 16 of the principal Act,
(a) after clause (7) the following shall be inserted, namely,-
“(8) shall not use any coercive action either by himself or by his agents or family member for recovery of money from the pawner and any form of coercive recovery shall be liable for punishment under the provisions of this Act and empower the Registering Authority to suspend or cancel the Registration of such pawn broker as provided under the provisions of this Act.

Explanation: For the purposes of this section, "coercive Action" by a pawn broker against the pawner include the following, namely:-

- (i) exerting pressure or obstructing or using violence to or insulting or intimidating the pawner or his/her family members, or

- (ii) persistently following the pawner, his/her family member from place to place or interfering with any property owned or used by him/her or depriving him/her of, or hindering him/her in the use of any such property, or
- (iii) frequenting the house or other place where the pawner resides or works, or carries on business, or happens to be, with an intension of taking coercive action, or
- (iv) using the service of private or outsource or external agencies, criminal background to negotiate/urging the pawner to make payment using coercive and undue influence, or
- (v) Seeking to take forcibly any document from the pawner which entitles the pawner to a benefit under any Government programme.”
- (b) for the words "six months", the words "ten years", shall be substituted;
- (c) for the words "one thousand rupees", the words "five lakh rupees", shall be substituted; and
- (d) the proviso shall be omitted.

5. Amendment of section 16A.- In section 16A of the principal Act, in sub-section (2),-

- (a) for the words "six months", the words "ten years", shall be substituted;
- (b) for the words "rupees one thousand", the words "rupees five lakh", shall be substituted; and
- (c) in the proviso,-
 - (i) for the words "one month", the words "three years", shall be substituted; and
 - (ii) for the words "rupees five hundred", the words "rupees two lakh", shall be substituted.

6. Amendment of section 18.- In section 18 of the principal Act,-

- (a) in sub-section (1),-
 - (i) for the words "fifty rupees", the words "three lakh rupees", shall be substituted; and
 - (ii) for the words "one hundred rupees", the words "five lakh rupees", shall be substituted.
- (b) in sub-section (2), for the words "ten rupees", the words "two lakh rupees", shall be substituted.

7. Insertion of new sections 18A, 18B and 18C.-After section 18 of the principal Act, the following new sections shall be inserted, namely,-

“18-A. Settlement of disputes by Ombudsperson.- The Government shall by notification appoint an Ombudsperson who can act as mediator between the pawner or pawn-broker, for settling the disputes. The procedure and guidelines for the settlement and mediation shall be in the manner as may be prescribed.

18-B. Grievances redressal forum.-The Government shall establish suitable grievance mechanism. The procedure and guidelines for grievance mechanism shall be in the manner as may be prescribed.

18-C. Authorized Officer.- (1) The Group-B Officer of Revenue Department or Rural Development and Panchayath Raj Department or Urban Development Department or Town Planning Department or Woman and Child Development Department or Social Welfare Department or Minority Welfare Department or Tribal Welfare Department or Backward Classes Welfare Department shall report if any person is in contravention of the provisions of this Act and the Karnataka Prohibition of Charging Exorbitant Interest Act 2004 (Karnataka Act No 14 of 2004) to the concerned Registrar, Assistant Registrar or any Officer authorized by the State Government in this behalf.

(2) The Registrar, the Assistant Registrar or any Officer authorized may on his own motion or on the report submitted by the Officers referred in sub-section (1), shall take action under the provisions of this Act.”

STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Pawn Brokers Act, 1961 (Karnataka Act No 13 of 1962) to protect economically vulnerable groups and individuals from the undue hardship usurious interests rates and coercive means of recovery by licensed money lender and unlicensed money lender.

Hence, the Bill.

FINANCIAL MEMORANDUM

There is no extra expenditure involved in the proposed measure.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 7:	<p>(1) Section 18-A proposes to be inserted by this clause empowers the Government to prescribe by rules the procedure and guidelines for the settlement and the manner of mediation by the Ombudsperson.</p> <p>(2) Section 18-B proposes to be inserted by this clause empowers the Government to prescribe by rules the procedure and guidelines for grievances mechanism of the grievances redressal forum.</p>
------------------	---

The proposed delegation of Legislative power is normal in character.

KYATHASANDRA N.RAJANNA
Minister for Co-operation
excluding Agriculture Marketing

M.K. VISHALAKSHI
Secretary
Karnataka Legislative Assembly

ANNEXURE
EXTRACT FROM THE KARNATAKA PAWN BROKERS ACT, 1961
(KARNATAKA ACT 13 OF 1962)

XXX

XXX

XXX

3. Pawn-broker to obtain licence.- No person shall, after the expiry of six months from the date on which the provisions of this Act come into force in any area, carry on or continue to carry on business as a pawnbroker at any place in such area, unless he has obtained a pawn-broker's licence under this Act and after the commencement of the Karnataka Pawn Brokers (Amendment) Act, 1985, except on payment of security deposit as provided in section 4A.

Explanation 1.- Where a pawnbroker has more than one shop or place of business, whether in the same town or village or in different towns and villages he shall obtain a separate pawnbroker's licence in respect of each such shop or place of business.

Explanation 2.- Every pawn-broker's licence granted under this Act shall be valid for a term of five years, but may be renewed from term to term.

XXX

XXX

XXX

15. Pawnbroker advancing smaller amount or receiving higher interest than that specified in accounts to be punishable.- (1) Any pawnbroker who actually advances an amount less than that shown in the pawn-ticket or in his accounts or registers or who takes or receives interest or any other charge at a rate higher than that shown in the pawn-ticket or in his accounts or registers shall, on conviction be punished with fine which may extend to five hundred rupees.

XXX

XXX

XXX

16. Certain other acts of pawnbrokers to be punishable.- A pawnbroker who,-

- (1) takes an article in pawn from any person appearing to be under the age of fourteen years or to be intoxicated
- (2) purchases or takes in pawn or exchange a pawn-ticket issued by another pawnbroker
- (3) employs any person under the age of sixteen years to take pledges in pawn
- (4) under any pretence purchases, except at a public auction, any pledge while in pawn with him
- (5) suffers any pledge while in pawn with him to be redeemed with a view to his purchasing it
- (6) makes any contract or agreement with any person pawning or offering to pawn any article, or with the owner thereof, for the purchase, sale, or disposition thereof within the time of redemption; or

(7) sells hypothecates, pawns or otherwise disposes of any pledge pawned with him except at such time and in such manner as is authorised by or under the Act

shall on conviction be punished with imprisonment for a term which may extend to six months or with fine which may extend to one thousand rupees or with both

Provided that for an act referred to in clause (7), the term of imprisonment shall not be less than one month and the fine shall not be less than five hundred rupees.

XXX

XXX

XXX

16A. Pawnbroker to redeem pledges.-

XXX

XXX

XXX

(2) Any pawnbroker who fails to so redeem shall, on conviction, be punished with imprisonment for a term which may extend to six months and with fine which may extend to rupees one thousand:

Provided that the term of imprisonment shall not be less than one month and the fine shall not be less than rupees five hundred.

XXX

XXX

XXX

18. General penalty for contravention of Act, etc.- (1) Whoever contravenes any of the provisions of this Act or of any rule or of any terms or conditions of a licence made or granted thereunder shall, if no other penalty is elsewhere provided in this Act for such contravention, on conviction be punished with fine which may extend to fifty rupees and, if such person has been previously convicted whether under this section or any other provision contained in this Act, with fine which may extend to one hundred rupees.

(2) Any person who after having been convicted of the offence of carrying on, or continuing to carry on the business of pawnbroker in contravention of the provisions of section 3, continues to commit the same offence in the same year, shall in addition to the fine to which he is liable under sub-section (1), be punished with a further fine which may extend to ten rupees for each day after the previous date of conviction during which he continues so to offend.

XXX

XXX

XXX

(Provisionally admitted)

**KARNATAKA LEGISLATIVE ASSEMBLY
(SIXTEENTH ASSEMBLY)
SIXTH SESSION**

Amendments to the Karnataka Pawn Brokers (Amendment) Bill, 2025 (LA Bill No.2 of 2025);

By Shri Kyathasandra N. Rajanna Minister for Co-operation Excluding Agricultural Marketing;

I hereby give notice of my intention to move the following amendment to the Karnataka Pawn Brokers (Amendment) Bill, 2025 (LA Bill No.2 of 2025), namely:-

Clause-2

In the said Bill, in clause 2, for the words "two years" the words "three years" shall be substituted.

M.K.VISHALAKSHI
Secretary